

Date: March 21, 2017



## **CLERK OF THE CIRCUIT COURT – AGENDA ITEM Marion County Commission**

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**SUBJECT: Present Internal Auditor Report No. 2017-01 Regarding EDFIG  
Compliance Review of Sitel Operating Corporation**

**INITIATOR: Sachiko H. Leon, Internal Auditor**

**DEPARTMENT: Clerk of Court**

**DESCRIPTION/BACKGROUND: Sitel submitted required quarterly reports for 7  
quarters through September 30, 2016. Internal Audit agreed with the County  
Administration's conclusion that Sitel was in compliance with the applicable  
sections of the grant agreement for the reporting periods and due a payment of  
\$201,717.04.**

**BUDGET IMPACT: None,**


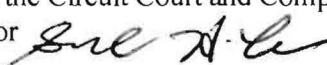
**RECOMMENDED ACTION: None, for informational purpose only**



CLERK OF THE CIRCUIT COURT AND COMPTROLLER

*David R. Ellspermann*

**TO:** Board of the County Commissioners, individually  
Mounir Bouyounes, County Administrator

**FROM:** David R. Ellspermann, Clerk of the Circuit Court and Comptroller   
Sachko H. León, Internal Auditor 

**DATE:** February 28, 2017

**RE:** AUDIT REPORT NO. 2017-01: ECONOMIC DEVELOPMENT FINANCIAL  
INCENTIVE GRANT COMPLIANCE REVIEW: SITEL OPERATING  
CORPORATION

**Purpose**

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Internal Audit performed a compliance review of fiscal year (FY) 2015 and 2016 performance measures for the Sitel Operating Corporation (Grantee) required annual report pursuant to the Economic Development Financial Incentive Grant (EDFIG) Agreement.

This review was conducted by Heather Lobsiger and Sachiko Leon.

**Objective, Scope and Approach**

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The objective was to determine if the County Administration's assessment of Grantee was reasonable and supported by sufficient documentation on the following criteria:

- the number of "new to Marion County" full-time equivalent employees (FTE)
- compliance with applicable sections of the grant agreement in FY 2015 and 2016

The scope included verification of compliance to the applicable mandatory requirements and the calculation of FTE for FY 2015 and 2016, which included certain tests to verify the County analyses and documentation submitted, as well as obtaining confirmation from the City of Ocala.

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***Marion County Clerk of the Circuit Court and Comptroller***

Board of County Commissioners – Internal Audit Division – Sachiko H. León, Internal Auditor

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**Results**

**Our opinion is that** the County Administration’s assessment was reasonable and supported by sufficient documentation. Grantee was in current compliance with the applicable sections of the grant agreement including a stipulation to spend at least \$1 million in employee trainings and remaining the Ocala Electric customer for electric service.

The employment reports for FY 2015 were due on October 30, 2015 but were not received by the County until March 7, 2016 (delinquent over 4 months). The training cost reports were not submitted until after the City of Ocala issued Notice of Default on August 24, 2016. Grantee subsequently has rectified the conditions to be considered compliant. We note that submission of the FY 2016 employment reports was timely in material respects.

We agreed with County Administration that Grantee employed average of **539 FTE** in fiscal year 2015 and **465 FTE** in fiscal year 2016. Grantee has provided documentation that supported the number of new full-time and part-time jobs that met the required average annual salaries. Grantee is now due a grant payment of **\$201,717.04 (See Table 1)**.

<b>Table 1 Payment Calculation</b>		Average FTE at \$19,650	Requested Payment	Recommended Payment
<b>FY 2015</b>	Oct-Dec 2014	561.20	N/A	Paid*
	Jan-Mar 2015	439.00	\$27,438.92	\$27,438.92
	Apr-Jun 2015	608.90	\$31,250.00	\$31,250.00
	Jul-Sep 2015	547.00	\$31,250.00	\$31,250.00
	<b>FY 2015</b>	<b>539.00</b>	<b>\$89,938.92</b>	<b>\$89,938.92</b>
<b>FY 2016</b>	Oct-Dec 2015	573.90	\$31,250.00	\$31,250.00
	Jan-Mar 2016	398.40	\$24,901.60	\$24,901.60
	Apr-Jun 2016	452.00	\$28,253.41	\$28,253.41
	Jul-Sep 2016	438.00	\$27,373.11	\$27,373.11
	<b>FY 2016 Subtotal</b>	<b>465.60</b>	<b>\$111,778.12</b>	<b>\$111,778.12</b>
<b>Total</b>	<b>FY 2015 &amp; 2016</b>		<b>\$201,717.04</b>	<b>\$201,717.04</b>
*EDFIG payment for Oct-Dec 2014 (FY 2015 1 <sup>st</sup> Quarter) was previously made in the amount of \$31,250.				

## **Background**

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Marion County (County) awarded to Sitel Operating Corporation on June 1, 2012, an Economic Development Financial Incentive Grant in the total amount of \$1,250,000. The City of Ocala is a grantor on the same grant agreement for the same amount.

Grantee intended to occupy existing rental office space within Ocala, provide capital improvements and hire Marion County employees. Grantee was required by December 31, 2013, to provide a minimum capital investment of \$1.5 million in machinery and equipment.

Grantee is to provide, in good faith efforts, at least five hundred (500) “new to Marion County” FTE jobs by December 31, 2014, and maintain the minimum FTE for remainder of the term ending September 30, 2024. This is to allow Grantee twelve years to perform all requirements for which it will receive a maximum of \$125,000 per year over the twelve-year period. The grant agreement requires that newly created jobs have an average annual compensation of at least \$19,650. Grantee is required throughout the agreement term to submit the employment reports timely to the County with documentation to establish its compliance with the specified requirements.

## **Acknowledgement**

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We would like to thank the representatives of the County Administration and Sitel Operating Corporation for their cooperation during our review.

***Exhibit A*****Report Distribution List**

Name	Title
Carl Zalak	Chairman of the Board of County Commissioners
Kathy Bryant	Vice Chair of the Board of County Commissioners
David Moore	District 1 Commissioner
Jeff Gold	District 3 Commissioner
Michelle Stone	District 5 Commissioner
Mounir Bouyounes	County Administrator
John Garri	Finance Director
Jeannie Rickman	Assistant County Administrator-Public Services
Michael McCain	Fiscal Manager
David Jester	Controller of Sitel Operating Corporation